

### **FACSIMILE**

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August 5, 2005

To:

Honorable Elizabeth O'Donnell

Fax:

502-564-3460

From:

Gary Smith

Fax:

270-685-8052

Phone: 270-685-8024

Pages: //

Subject: First Data Request of Commission Staff dated July 22, 2005

Case 2005-00268

### Comments:

This fax contains the above mentioned filing by Atmos Energy Corporation. An original and seven (7) copies will be forwarded to your office via Federal Express on Monday morning.

If you have any questions, please call me at (270) 685-8024.

Thank you.

URGENT

O FOR REVIEW

D PLEASE COMMENT

D PLEASE REPLY

D PLEASE RECYCLE



August 5, 2005

Honorable Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort Kentucky 40602-0615

Subject: First Data Request of Commission Staff

Case 2005-00268

Dear Ms. O'Donnell:

Enclosed herein is the filing by Atmos Energy Corporation, of its First Data Request of the Commission Staff, dated July 22, 2005 in Case Number 2005-000268. This filing includes the original and seven (7) copies.

Please direct all inquiries regarding the enclosed filing to me at the address below, or you may call me at (270) 685-8024.

Sincerely,

Galy L. Smith

Jan Lometh

V.P. Marketing and Regulatory Affairs

**Enclosures** 

# COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS ENERGY CORPORATION, FOR AN ORDER CONTINUING THE WEATHER NORMALIZATION ADJUSTMENT FOR FIVE (5) ADDITIONAL YEARS	) ) )	CASE NO. 2005-00268
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## COMMISSION STAFF'S DATA REQUEST TO ATMOS ENERGY CORPORATION

Atmos Energy Corporation ("Atmos") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due by August 5, 2005. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

Refer to paragraph 8 of the application, which indicates that Atmos intends 1. to continue to use NOAA weather normals for 1960-1989, which were the basis for the weather normalization of the test period in its last rate case, as the basis for determining normal heating degree days.

- a. Explain in detail why it is appropriate to use the 1960-1989 weather normals rather than the weather normals from a more current 30-year period.
- b. Describe the extent to which Atmos compared the results of more current weather normals with the results from the 1960-1989 period. If Atmos did not make such a comparison, explain why.
- c. Provide, for the months of November through April, a monthly and cumulative comparison of normal heating degree days, for Atmos's service territory, for the 1960-1989 period and the 197-2000 period.
- 2. Paragraph 9 of the application indicates that no changes in the existing tariff are proposed.
- a. Explain whether Atmos believes, based on the proposed 5-year extension of its Weather Normalization Adjustment Rider, that some modification to the text in the first sentence in the third paragraph under "1. <u>Applicable</u>" is necessary to reflect the proposed extension.
- b. Provide new language for that section of the tariff to reflect what Atmos believes is needed, based on its proposed extension of the rider.

Beth O'Donnell

Executive Director

Public Serviće Commission

P. O. Box 615

Frankfort, Kentucky 40602

DATED: July 22, 2005

cc: All Parties

Page 1 of 2

# Atmos Energy Corporation Case No. 2005-00268 First Data Request of Commission Staff - Dated July 22, 2005 DR Item 1 Witness: Gary Smith

#### Data Request:

- Refer to paragraph 8 of the application, which indicates that Atmos intends to continue to use NOAA weather normals for 1960-1989, which were the basis for the weather normalization of the test period in its last rate case, as the basis for determining normal heating degree days.
  - a. Explain in detail why it is appropriate to use the 1960-1989 weather normals rather than the weather normals from a more current 30-year period.
  - b. Describe the extent to which Atmos compared the results of more current weather normals with the results from the 1960-1989 period. If Atmos did not make such a comparison, explain why.
  - c. Provide, for the months of November through April, a monthly and cumulative comparison of normal heating degree days, for Atmos's service territory, for the 1960-1989 period and the 1971-2000 period.

#### Response:

- 1. Please note that in the Company's Application, we regret that the period for the NOAA 30-year normal was misstated as "1960-1989". The correct period is "1961-1990".
- 1. a. Atmos Energy believes that the WNA mechanism is intended to adjust approved commodity rates (distribution charge) to compensate for weather variances from the "normal" weather upon which those rates were set. Further, Atmos Energy believes that the basis for the Normal HDD's reflected in the WNA mechanism must remain synchronized with the weather basis used for determination of the distribution charge rates.

Current distribution charge rates were established in Case No. 1999-070, by Order of the Commission on December 21, 1999. In that same Case, the initial WNA mechanism was also established.

Page 2 of 2

#### Atmos Energy Corporation Case No. 2005-00268 First Data Request of Commission Staff - Dated July 22, 2005 DR Item 1

The attached Exhibit PSC DR-1, Item 1 (a), Sheet 1, shows the actual basis for weather normalization for the residential class volumes in Case No. 1999-070. Please note that no adjustments were made to this schedule in the conduct of that case, and the adjustments shown on this schedule were a component of the final "proof of revenue" in Case 1999-070. The Normal HDD's shown in column (b) of that schedule are based upon NOAA 30-year normal temperatures for the period of 1961-1990.

If that weather normalization schedule were based on the more current NOAA 30-year normal period of 1971-2000, and column (b) incorporated that data, then the weather adjustment for the residential class would be as shown on attached Exhibit PSC DR-1, Item 1(a), Sheet 2. The adjustment of the test year volumes, therefore would have been 127,041 Mcf lower than the volumes in Case 1999-070. To achieve the level of revenue approved in that Case, with this lower "normalized" volume, the unit commodity distribution charge would have increased from the approved rate of \$1.1900 per Mcf.

Said another way, if the new, lower basis for Normal HDDs were adopted in the WNA mechanism, and normal weather occurred, as defined in Case 1999-070 upon which the rates were set, then the WNA would produce a negative adjustment to the distribution charge.

1 b. Atmos Energy did not make such a comparison until doing so in the response above to Item 1 (a) of this data request.

The Company did not undertake such a comparison prior to filing its application in this Case, due to its belief that the basis for the Normal HDD's reflected in the WNA mechanism must remain synchronized with the weather basis used for determination of the distribution rates.

1. c. Please refer to the attached Exhibit PSC DR-1, Item 1(c)

EXHIBIT PSC DR-1, Item 1(a)
Sheet 1 of 2

ATMOS ENERGY CORPORATION Case No. 2005-00268

										EXHIBIT GLS-4
			West Normali Reference		rfucky Ga Of Volume Ended Se	Western Kentucky Gas Company Normalization Of Volumes For Weather eference Period Ended September 30, 1998	1998			Schedule 3 of 5
Line	•		×	Droduet	Constant	Normalized Usage per Customer	No. of Customers	Normalized Volumes	Actual Volumes	Weather Adjustment
S	Montin (a)	(b)	(c)	(p)	(a)	(f)	(g)	(h)	(i)	(j)
 	Residential - (	Residential - Class 1 Rate 1								
•	0.4-07	0 721	0.0155	2.0706	1.5444	3.6150	150,484	544,003	325,214	218,789
٦ ,	Nov97		0.0155	5.8640	1.5444	7.4084	153,862	1,139,875	1,179,797	(39,922)
7 r	10-vor		0.0155	10.6541	1.5444	12.1985	155,921	1,902,006	2,019,864	(117,858)
J 4	[an-98		0.0155	14.4167	1.5444	15.9611	156,448	2,497,086	2,258,954	238,132
ተ	Feb-98		0.0155	13.9067	1.5444	15.4511	156,450	2,417,328	2,090,356	326,972
, ~	Mar-98		0.0155	10.3992	1.5444	11.9436	156,963	1,874,707	1,796,088	18,019
7	Apr-98		0.0155	6.1730	1.5444	7.7174	156,414	1,207,113	1,242,796	(53,683)
oc	May-98		0.0155	2.6191	1.5444	4.1635	155,280	646,512	642,746	3,700
0	Jun-98		0.0155	0.7262	1.5444	2.2706		350,602	290,969	59,035
9	Jul-98	0.5	0.0155	0.0077	1.5444	1.5521	153,621	238,438	250,082	(11,044)
-	Aug-98		0.0155	0.0000	1.5444	1.5444	153,212	236,624	223,198	12,820
12	Sep-98	14.5	0.0155	0.2241	1.5444	1.7685	152,865	270,345	. 240,513	760,42
13		4 340			1.5444		154,661	13,324,639	12,561,177	763,462
<u> </u>	T Company	21.21								
15	Average [ ]sa	Average Usage / Customer	<b>t</b>					86.15	81.22	
2	ייי עפורייר	100								

16 Average Usage / Customer

EXHIBIT

**DR PSC-1, Item 1(a)** Sheet 2 of 2

ATMOS ENERGY CORPORATION Case No. 2005-00268

UPDATED FOR NORMAL HDDs (1961-2000) Reference Period Ended September 30, 1998 Normalization Of Volumes For Weather

Weather Adjustment	(j)		232,739	(28,029)	(125,077)	182,530	249,623	25,251	(19.964)	15.769	12,707	30,091	(5,698)	14,006	45,180		636,421		
Actual Volumes	(j)		325,214	1,179,797	2,019,864	2,258,954	2,090,356	1.796,088	1 242 796	376.07	047,740	290,969	250,082	223,798	240,513		12,561,177		81.22
Nomalized Volumes	(h)		557,953	1,151,768	1,894,787	2,441,484	2,339,979	1 821 339	1 227 832	20,777,1	658,515	341,060	244,384	237,804	285,693		13,197,598 12,561,177		85,33
No. of Customers	(g)		150,484	153,862	155,921	156,448	156.450	156 963	156 414	150,414	155,280	154,408	153,621	153,212	-	•	154,661		
Normalized Usage per Customer	(f)		3.7077	7.4857	12.1522	15 6057	14 9567	11 6036	0000011	7.81/9	4.2408	2.2088	1.5908	1.5521	1 8689	10001			
Constant	(e)		1.5444	, ,	1 5444	1 5444					1.5444	1.5444	1.5444	-	-	٠,	1 5444		
Droduce	(p)		2 1633	5 9413	10,6078	14.0613	14.0015	13.4123	10.0392	6.2735	2.6964	0.6644	0.0464	0.0077	0.3345	0.324			
× 3	(c)		0.0155	0.0155	0.0155	0.0123	0.0155	0.0155	0.0155	0.0155	0.0155	0.0155	0.0155	0.0155	0.010.0	0.0133			
	(b)	ass 1 Rate 1	140.0	704 5	504.5	0.000	910.0	868.0	651.0	406.0	174.5	43.0	3.0	) v	7.0	71.0		4,288	. / Customer
	Month (a)	Residential - Class 1 Rate 1	0.4	/6-lon	16-00N	Dec-97	Jan-98	Feb-98	Mar-98	Apr-98	Mav-98	11111-98	1.1 08	96-mr	Aug-98	Sep-98	•	Total	A verage I sage / Custoniei
Line	Š.	Re	,	<b>-</b> (	7 '	. n.	4	2	9	7	×	0	v 2	2:	=	12	13	14	15

PSC DR-1, Item 1(c)

ATMOS ENERGY CORPORATION Case No. 2005-00268

Normal HDD's: 1961-1990

Cooling Degree Days and Precipitation - 1961-1990; National Oceanic and Atmospheric Administration (NOAA) Source: 1961-1990 (Cilmatography of the United States No. 84, Daily Normals of Temperature, Healing and

Column >	(A)	(B)	(2)	(D)	(E)	(F)	(9)	Œ	(2)	
Line No.	NOAA Station	Weighting %	November	December	January	February	March	April	Total Winter	
<del></del>	Evansville, IN	22.22%	564	924	1,082	857	565	273		
2	Paducah, KY	37.92%	513	859	1,004	787	550	231		
က	Louisville, KY	2.80%	537	871	1,032	820	580	273		
4	Lexinaton, KY	15.61%	570	805	1,060	854	611	312		
S.	Nashville, TN	21.44%	450	760	893	689	469	193	3,454	
မ	Atmos Energy - KY	100%	520	859	1,007	793	553	246	3,978	

Normal HDD's: 1971-2000

Source: 1971-2000 (Monthly Station Normals of Temperature, Precipitation, and Heating and Cooling Degree Days -1971-2000, National Oceanic and Atmospheric Administration (NOAA)

€	Total Winter	4,219	3,904	3,985	4,241	3,406	3,921
Œ	April	295	256	280	332	217	269
(G)	March	591	530	569	616	462	543
(F)	February	825	750	779	816	664	759
(E)	January	1,047	982	992	1,026	828	7.76
(D)	December	886	855	838	877	744	843
(c)	November	565	531	527	574	460	530
(B)	Weighting %	22.22%	37.92%	2.80%	15.61%	21.44%	100%
(A)	NOAA Station	Evansville, IN	Paducah, KY	Louisville, KY	Lexington, KY	Nashville, TN	Atmos Energy - KY
Column >	Line No.	7	- σ	o.	10	7	12

# Atmos Energy Corporation Case No. 2005-00268 First Data Request of Commission Staff - Dated July 22, 2005 DR Item 2 Witness: Gary Smith

#### Data Request:

- 2. Paragraph 9 of the application indicates that no changes in the existing tariff are proposed.
  - a. Explain whether Atmos believes, based on the proposed 5-year extension of its Weather Normalization Adjustment Rider, that some modification to the text in the first sentence in the third paragraph under "1. <u>Applicable</u>" is necessary to reflect the proposed extension.
  - b. Provide new language for that section of the tariff to reflect what Atmos believes is needed, based upon its proposed extension of the rider.

#### Response:

- 2. a. Yes, Atmos does believe that the existing tariff language, as referenced in the Commission's question, requires modification to reflect the proposed five-year continuation of the WNA rider. In the Company's application, the statement that "no changes in the existing tariff are proposed" was within the context of the formulas and processes of the existing mechanism. In accordance with the Commission's observation, the Company has incorporated the new language in its response to question 2 (b) of this data request.
- 2. b. The new language reflecting the five-year continuation of the WNA rider is incorporated in the attached proposed tariff sheet, Exhibit PSC DR-1, Item 2 (b).

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T-102 P 11/11 F-249 **EXHIBIT** PSC DR-1, Item 2(b)

#### FOR ENTIRE SERVICE AREA P.S.C. NO. 1 Original SHEET No. 22

WESTERN KENTUCKY GAS COMPANY

<b>A.</b> >	COMPANY
	Weather Normalization Adjustment Rider
	WNA

#### 1. Applicable

Applicable to Rate G-1 Sales Service, excluding industrial class only.

The distribution charge per Mcf for gas service as set forth in G-1 Sales Service shall be adjusted by an amount hereinunder described as the Weather Normalization Adjustment (WNA). The WNA shall be applicable to Rate G-1 Sales Service, excluding Industrial Sales Service.

For a five year period commencing on November 1, 2005, the WNA shall apply to all residential, |(T) commercial and public authority bills based on meters read during the months of November through April. The WNA shall increase or decrease accordingly by month. The WNA will not be billed to reflect meters read during the months of May through October. Customer base loads and heating sensitivity factors will be determined by class and computed annually.

#### 2. Computation of Weather Normalization Adjustment

The WNA shall be computed using the following formula:

$$WNA_{i} = R_{i} \frac{(HSF_{i} (NDD - ADD))}{(BL_{i} + (HSF_{i} \times ADD))}$$

Where

any rate schedule or billing classification within a rate schedule that contains i more than one billing classification

Weather Normalization Adjustment Factor for the ith rate schedule or WNA<sub>i</sub> classification expressed as a rate per Mcf

weighted average rate (distribution charge) of temperature sensitive sales for the  $R_i$ ith schedule or classification

heat sensitive factor for the ith schedule or classification HSF,

normal billing cycle heating degree days NDD

actual billing cycle heating degree days ADD

base load for the ith schedule or classification  $BL_i$ 

ISSUED: August 5, 2005

ISSUED BY: Gary L. Smith

EFFECTIVE: November 1, 2005

Vice President - Marketing & Regulatory Affairs / Kentucky Division